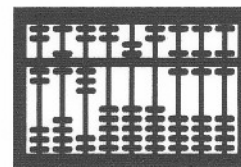


IPSWICH SCHOOL DISTRICT NO. 22-6
IPSWICH, SOUTH DAKOTA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

School Board
Ipswich School District No. 22-6
Edmunds County, South Dakota

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Ipswich School District No. 22-6, Edmunds County, South Dakota, as of June 30, 2005 and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 13, 2006, which was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ipswich School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the School District in a separated communication dated June 13, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ipswich School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to the management of Ipswich School District No. 22-6 in a separate communication dated June 13, 2006.

This report is intended solely for the information and use of the South Dakota Legislature, the governing board and management of the Ipswich School District No. 22-6 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Guthmiller Accounting, Ltd.
Guthmiller Accounting, LTD

June 13, 2006

**IPSWICH SCHOOL DISTRICT NO. 22-6
EDMUNDS COUNTY, SOUTH DAKOTA
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2005**

Prior Audit Findings:

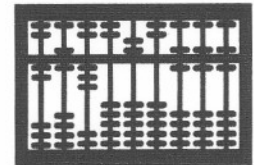
There are no prior audit findings.

Current Audit Findings:

There are no current audit findings.

Guthmiller Accounting Ltd.

Certified Public Accountants



613 8th Avenue NW
Aberdeen, SD 57401
(605) 225-7279

INDEPENDENT AUDITOR'S REPORT

School Board
Ipswich District No. 22-6
Edmunds County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Ipswich School District No. 22-6, Edmunds County, South Dakota, as of June 30, 2005, and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ipswich School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Ipswich School District No. 22-6 as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2006 on our consideration of Ipswich School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and, should be considered in assessing the results of our audit.

The management's, discussion and analysis, and the budgetary comparison schedules on pages 6 through 18, and 47 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States

of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Guthmiller Accounting Ltd.
Guthmiller Accounting, LTD

June 13, 2006

**REQUIRED SUPPLEMENTARY INFORMATION
IPSWICH SCHOOL DISTRICT NO 22-6
EDMUNDS COUNTY, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

This discussion and analysis of the District's financial performance provides an overall review of the District's financial activities of the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by GASB in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

KEY FINANCIAL HIGHLIGHTS

- In governmental funds, total fund balance increased \$219,150.81.
- General Fund increased \$127,331.50 due mostly to the following staff reductions:
 - The Guidance Director position was reduced to 4/5th which saved approximately \$10,300.
 - A custodian that retired was not replaced which saved approximately \$26,500 and the maintenance supervisor quit in December and was not replaced. We filled in with part-time help. That reduction increased our fund balance approximately \$9,300.
 - The art instructor was reduced to 50% which saved \$7,015.
 - One time state aid paid in July of 2004 for \$30,259.
 - Sale of Title I building, misc. shop surplus - \$19,810. The \$18,864 proceeds from the sale of the Title I building will need to be expended to improve the area it was removed from.
 - The remaining \$23,000 was a combination of reduced requisitions, increased misc. revenue, etc.
- Capital Outlay increased due to the expending \$21,000 less in 04-05 and by increased revenue due to raising the mill levy from \$1.50 to \$1.80. The increased levy is to prepare for the improvements needed at the Athletic complex. Increased valuations also contributed to the increased revenue.
- The Special Education Fund increased \$82,244.01. This is due to increased federal funding of \$13,000, state aid based off of previous years. The levy was backed off \$.31. In time as surplus funds are used up, the levy will need to be raised.
- Pension fund revenue increased due to increased valuations. The surplus funds plus revenue generated from the mill levy were able to fund the entire retirement and early retirement expenditures for 2004-05.
- Valuations increased approximately \$25,000 from 03/2004 to 04/2005. The increase is due to ag land being reassessed and continual growth at the Mina Lake area.

- Student numbers have been maintaining.

GASB 34 requires school districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based on the original cost of the asset.

There are no capital outlay acquisitions in accordance with our capitalization policy made for the fiscal year ended June 30, 2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund statements), and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Assets and Statement of Activities are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.
 - Governmental funds statements tell how general governmental services are financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the District operates like businesses. The only proprietary fund operated by the District is the Food Service Operation.
 - Fiduciary fund statements provide information about the financial relationships – like student organization club accounts – in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that provide further explanation of some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements by including a comparison of the District's budget data for the year. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1
Required Components of Ipswich School District's Financial Report

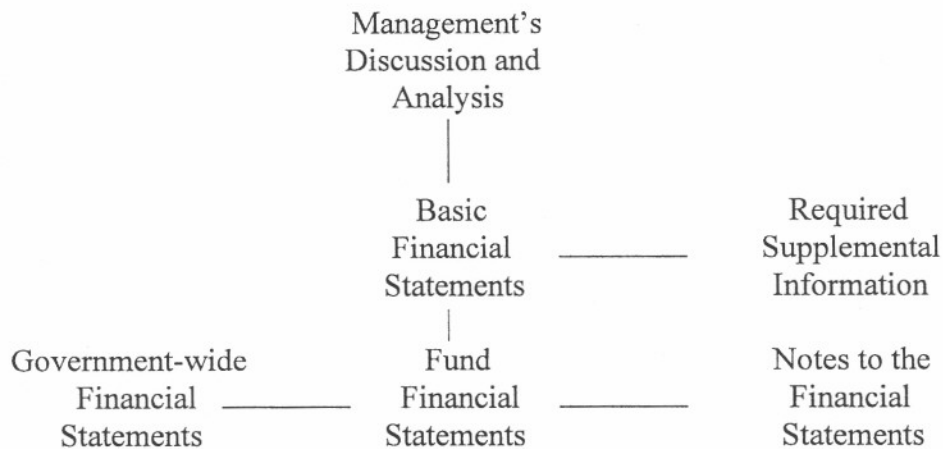


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the activities reported and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Ipswich School District's Government-wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School Government (except Fiduciary funds) and the School's components units.	The activities of the School that are not proprietary or fiduciary, such as elementary & high school education programs.	Activities the school operates similar to private businesses, the food service operation.	Instances in which the school is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Assets. *Statement of Cash Flows	*Statement of Fiduciary Net Assets *Statement of Changes in Fiduciary Net Assets

Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term. The School's funds do not currently contain capital assets, although they may.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-Wide Statements

The District as a whole, looks at all financial transactions asking the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?" The statement of Net Assets and the Statement of Activities provide the basis for answering these questions. The government-wide financial statements are new. These statements report information about the District as a whole using full accrual accounting, methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets — the difference between the District's assets and liabilities — is one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net assets are useful indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District's property tax base, the condition of school buildings and changes in the state school aid funding formula from the State of South Dakota need to be considered.

Activities statements present information showing how the net assets of the District changed during

the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are reported in two categories:

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), debt service payments, special education, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state aid formula, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The District charges a fee to students and receives federal and state reimbursement to cover the cost of providing lunch services to all students. The food service is the only business-type activity of the District.

Fund Financial Statements

The Fund financial statements provide more detailed information about the District's individual funds – not the District as a whole. For governmental funds these statements tell how services were financed in the short-term as well as what remains for future spending. Funds are accounting devices that the District uses to ensure and demonstrate compliance with finance-related legal requirements.

- State law requires some of the funds (like Capital Outlay, Special Ed, and Pension).
- The school board establishes other funds to control and manage money for particular purposes (like the Scholarship Fund).

The District has three kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for funding future basic services (an accounting method called modified accrual accounting). The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. Because this information does not encompass the additional long-term focus of the government-wide statements, an explanation of additional information is included at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds**

- Enterprise fund - Services for which the District charges customers a fee and for which revenues are expected to cover all expenses are generally reported in proprietary funds—enterprise funds. Enterprise funds, like the government-wide statement, provide both short and long-term financial information. They have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statement for the District as a whole. The Food Service Enterprise Fund is the only enterprise fund maintained by the District.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for external and internal parties. The District is ensuring that the assets reported in these funds are used for their intended purposes and only by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

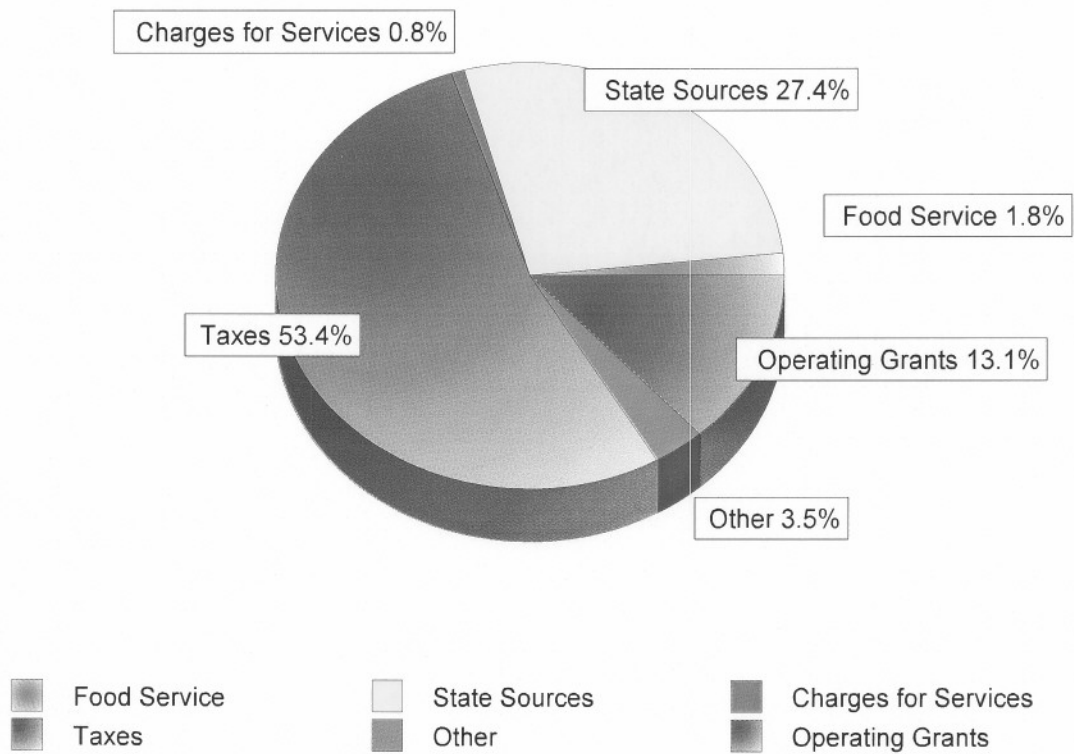
In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

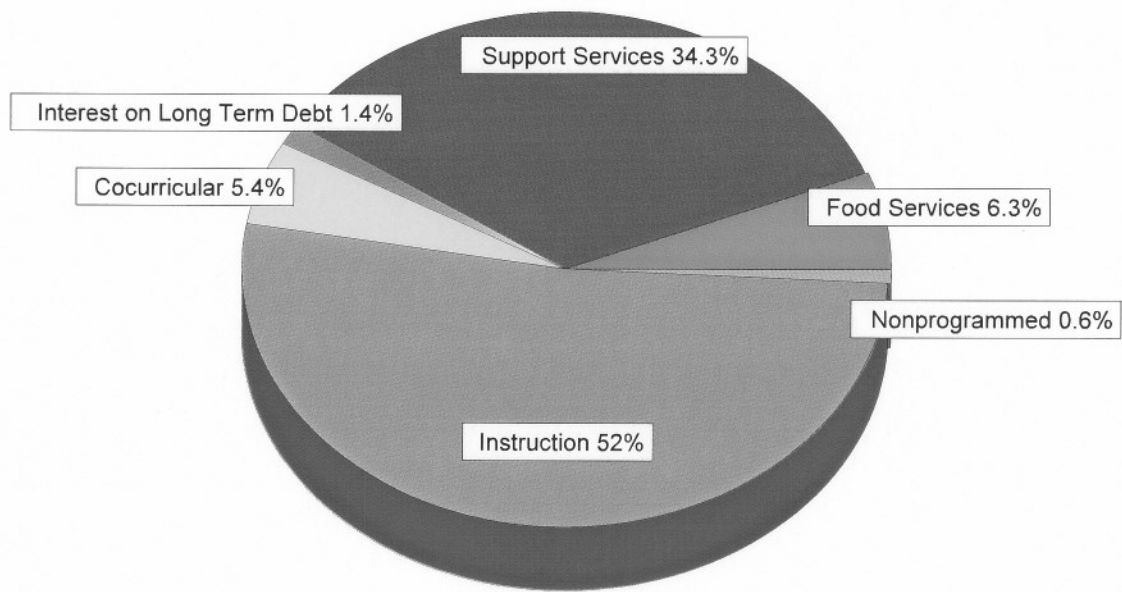
The District's combined net assets are as follows:

Table A-1						
Ipswich School District 22-6						
Statement of Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	6/30/04	6/30/05	6/30/04	6/30/05	06/30/04	6/30/05
Current and Other Assets	\$ 1,726,128.90	\$ 1,994,239.53	\$ 23,906.91	\$ 37,222.59	\$ 1,750,035.81	\$ 2,031,462.12
Capital Assets	2,099,649.00	2,044,930.00	22,692.98	19,173.66	2,122,341.98	2,064,103.66
Total Assets	\$ 3,825,777.90	\$ 4,039,169.53	\$ 46,599.89	\$ 56,396.25	\$ 3,872,377.79	\$ 4,095,565.78
Long-Term Debt Outstanding	\$ 859,565.49	\$ 807,083.71			\$ 859,565.49	\$ 807,083.71
Other Liabilities	251,683.86	244,722.81	\$ 12,875.29	\$ 15,195.06	264,559.15	259,917.87
Total Liabilities	\$ 1,111,249.35	\$ 1,051,806.52	\$ 12,875.29	\$ 15,195.06	\$ 1,124,124.64	\$ 1,067,001.58
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 1,289,649.00	\$ 1,299,930.00	\$ 22,692.98	\$ 19,173.66	\$ 1,312,341.98	\$ 1,319,103.66
Restricted for Unemployment	43,205.00	43,205.00			43,205.00	43,205.00
Unrestricted	1,381,674.55	1,644,228.01	11,031.62	22,027.53	1,392,706.17	1,666,255.54
Total Net Assets	2,714,528.55	2,987,363.01	33,724.60	41,201.19	2,748,253.15	3,028,564.20
Beginning Net Assets	3,166,998.16	2,714,528.55	36,176.69	33,724.60	3,203,174.85	2,748,253.15
Increase (Decrease) in Net Assets	\$ (452,469.61)	\$ 272,834.46	\$ (2,452.09)	\$ 7,476.59	\$ (454,921.70)	\$ 280,311.05
Percentage Increase (Decrease) in Net Assets	(14.29)%	10.05%	(6.78)%	22.17%	(14.20)%	10.20%

Sources of Revenue for Fiscal Year 2005



Expenses for Fiscal Year 2005



Ipswich School District 22-6

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Revenues						
Program Revenues						
Charges for Services	\$ 23,977.84	\$ 24,393.37	\$ 49,519.45	\$ 55,343.31	\$ 73,497.29	\$ 79,736.68
Operating Grants & Contributions	262,879.77	277,340.41	115,169.20	127,914.51	378,048.97	405,254.92
General Revenues						
Taxes	1,515,844.64	1,653,658.36			1,515,844.64	1,653,658.36
Revenue-State Sources	800,413.31	845,901.73	1,095.34	628.56	801,508.65	846,530.29
Revenue - Local Sources	49,228.24	98,289.04	35.00	55.42	49,263.24	98,344.46
Transfers	44,284.65				44,284.65	
Unrestricted Investment Earnings	7,916.20	9,383.20	177.04	71.90	8,093.24	9,455.10
Total Revenues	<u>\$ 2,704,544.65</u>	<u>\$ 2,908,966.11</u>	<u>\$ 165,996.03</u>	<u>\$ 184,013.70</u>	<u>\$ 2,870,540.68</u>	<u>\$ 3,092,979.81</u>
Expenses						
Instruction	\$ 1,419,386.75	\$ 1,458,254.37			\$ 1,419,386.75	\$ 1,458,254.37
Support Services	1,008,638.93	969,500.05			1,008,638.93	969,500.05
Nonprogrammed Charges	25,982.62	16,366.71			25,982.62	16,366.71
Debt Service	39,460.00	37,860.00			39,460.00	37,860.00
Co-Curricular	152,543.76	154,150.52			152,543.76	154,150.52
Food Service			168,448.12	176,537.11	168,448.12	176,537.11
Special Item	511,002.20				511,002.20	
Total Expenses	<u>\$ 3,157,014.26</u>	<u>\$ 2,636,131.65</u>	<u>\$ 168,448.12</u>	<u>\$ 176,537.11</u>	<u>\$ 3,325,462.38</u>	<u>\$ 2,812,668.76</u>
Increase (Decrease) in Net Assets	<u>\$ (452,469.61)</u>	<u>\$ 272,834.46</u>	<u>\$ (2,452.09)</u>	<u>\$ 7,476.59</u>	<u>\$ (454,921.70)</u>	<u>\$ 280,311.05</u>

**Ipswich School District #22-6 Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business - Type Activities		Total Dollar Change	Total % Change
	2004	2005	2004	2005		
Land	\$ 61,350.00	\$ 61,350.00			\$ 0.00	0.00%
Buildings	1,941,482.00	1,912,125.00			(29,357.00)	(1.51)%
Improvements Other Than Buildings	59,639.00	46,597.00			(13,042.00)	(21.87)%
Machinery & Equipment	37,178.00	24,858.00	22,692.98	19,173.66	(15,839.32)	(26.46)%
Total Capital Assets	<u>\$ 2,099,649.00</u>	<u>\$ 2,044,930.00</u>	<u>\$ 22,692.98</u>	<u>\$ 19,173.66</u>	<u>\$ (58,238.32)</u>	<u>(2.74)%</u>

Long Term Debt	2004	Issued	Retired	Accrued Leave	2005
Capital Outlay Certificates	\$ 810,000.00		\$ (65,000.00)		\$ 745,000.00
Accrued Leave	21,820.80			\$ 4,015.20	25,836.00
Early Retirement	27,744.69	\$ 20,658.38	(12,155.36)		36,247.71
Total	<u>\$ 859,565.49</u>	<u>\$ 20,658.38</u>	<u>\$ (77,155.36)</u>	<u>\$ 4,015.20</u>	<u>\$ 807,083.71</u>

Amortization Requirements including interest of \$185,307.00 includes:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Early Retirement</u>
6/30/06	\$ 70,000.00	\$ 34,130.00	\$ 104,130.00	\$ 10,361.07
6/30/07	70,000.00	31,190.00	101,190.00	10,361.07
6/30/08	75,000.00	28,145.00	103,145.00	10,361.05
6/30/09	80,000.00	24,882.50	104,882.50	5,164.52
6/30/10	80,000.00	21,282.50	101,282.50	
Thereafter	370,000.00	45,677.50	415,677.50	36,247.71
Total	<u>\$ 745,000.00</u>	<u>\$ 185,307.50</u>	<u>\$ 930,307.50</u>	<u>\$ 36,247.71</u>

The District's Early Retirement plan allows certified staff meeting certain qualifications, to retire at certain ages and receive 75% of their last salary spread over five years. This plan allows the school to reduce the overall program cost by hiring lower paid staff to replace higher paid staff. The year 2004-05 included staff member Maryan Salmi's retirement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's current economic position looks very favorable. The main reason is the reorganization with the Cresbard School District. On July 1, 2004 the Ipswich School District #22-3 became Ipswich Public School District #22-6. The comparisons in the MD & A are prepared using Ipswich School District # 22-3 for June 30, 2004 figures and the Ipswich Public School District #22-6 for the June 30, 2005 figures. The District will gain approximately \$118,000 in the year 2005-06; \$80,000 in the year 2006-07; and \$40,000 in the year 2007-08, state incentive money. The reorganization brought in approximately 28 sections of land and two families with school age children. The District also takes on Cresbard's hard cap for surplus fund balance. This hard cap is well over 100%. Even though the District will gain considerable revenue it will incur little expense.

The enrollment has remained very steady but appears to decrease in the 2005-06 school year. Included in the school board's five year plan is the Athletic Complex improvement project, playground/sidewalk project, and heating project. The capital outlay mill levy has been increased to prepare for those financial commitments.

As stated earlier in the MD & A, the main reason for the increase in the General Fund budget is the reduction of staff. Other major changes in the year 2004-05 was the sale of the Title I building. Preschool was moved in house and the area will be landscaped in the near future.

The Capital Outlay, Special Education, and Pension Fund will benefit from continual increased valuation. As stated earlier, ag land values have increased due to the increased dollars paid per acre in recent sales and also the increased valuation at Mina Lake. Very large, expensive homes are being

constructed each year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robin Weigel, Business Manager, Ipswich School District #22-6 (605-426-6561).

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
STATEMENT OF NET ASSETS
JUNE 30, 2005

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,085,937.41	\$ 22,701.09	\$ 1,108,638.50
Taxes Receivable	804,554.36		804,554.36
Incidental Imprest Account	3,500.00		3,500.00
Inventories		4,252.71	4,252.71
Other Assets	57,042.76	10,268.79	67,311.55
Restricted Assets:			
Cash and Cash Equivalents	43,205.00		43,205.00
Capital Assets:			
Land, Improvements and Construction in Progress	107,947.00		107,947.00
Other Capital Assets, Net of Depreciation	1,936,983.00	19,173.66	1,956,156.66
TOTAL ASSETS	<u>4,039,169.53</u>	<u>56,396.25</u>	<u>4,095,565.78</u>
LIABILITIES:			
Accounts Payable	33,876.20	9,080.58	42,956.78
Other Current Liabilities	210,846.61	6,114.48	216,961.09
Noncurrent Liabilities:			
Due Within One Year	80,361.07		80,361.07
Due in More than One Year	726,722.64		726,722.64
TOTAL LIABILITIES	<u>1,051,806.52</u>	<u>15,195.06</u>	<u>1,067,001.58</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,299,930.00	19,173.66	1,319,103.66
Restricted for:			
Capital Outly	359,984.35		359,984.35
Special Education	341,806.01		341,806.01
Pension	49,868.50		49,868.50
Unemployment	43,205.00		43,205.00
Unrestricted	892,569.15	22,027.53	914,596.68
TOTAL NET ASSETS	<u>2,987,363.01</u>	<u>41,201.19</u>	<u>3,028,564.20</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,039,169.53</u>	<u>\$ 56,396.25</u>	<u>\$ 4,095,565.78</u>

The notes are an integral part of this statement

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:						
Government Activities:						
Instruction	\$ 1,458,254.37		\$ 277,340.41	\$ (1,180,913.96)		\$ (1,180,913.96)
Support Services	969,500.05			(969,500.05)		(969,500.05)
Nonprogrammed Charges	16,366.71			(16,366.71)		(16,366.71)
*Interest on Long-Term Debt	37,860.00			(37,860.00)		(37,860.00)
Cocurricular Activities	154,150.52	\$ 24,393.37		(129,757.15)		(129,757.15)
Total Governmental Activities	<u>2,636,131.65</u>	<u>24,393.37</u>	<u>277,340.41</u>	<u>(2,334,397.87)</u>		<u>(2,334,397.87)</u>
Business-type Activities:						
Food Service	176,537.11	55,343.31	127,914.51		\$ 6,720.71	6,720.71
Total Primary Government	<u>\$ 2,812,668.76</u>	<u>\$ 79,736.68</u>	<u>\$ 405,254.92</u>	<u>\$ (2,334,397.87)</u>	<u>\$ 6,720.71</u>	<u>\$ (2,327,677.16)</u>
*The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.		General Revenues:				
		Taxes:				
		Property Taxes				
		Gross Receipt Taxes				
		Revenue from State Sources:				
		State Aid				
		Other				
		Unrestricted Investment Earnings				
		Other General Revenues				
		Total General Revenues				
		Change in Net Assets				
		Net Assets - Beginning				
		Net Assets - Ending				

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 596,635.51	\$ 186,904.56	\$ 281,673.72	\$ 20,723.62	\$ 1,085,937.41
Restricted Cash and Cash Equivalents	43,205.00				43,205.00
Taxes Receivable-Current	521,534.90	173,224.29	78,298.30	29,077.72	802,135.21
Taxes Receivable-Delinquent	1,689.74	293.28	368.97	67.16	2,419.15
Due from State Government	57,042.76				57,042.76
Incidental Imprest Account	3,500.00				3,500.00
TOTAL ASSETS	<u>1,223,607.91</u>	<u>360,422.13</u>	<u>360,340.99</u>	<u>49,868.50</u>	<u>1,994,239.53</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	30,150.82	437.78	3,287.60		33,876.20
Contracts Payable	162,701.20		12,765.88		175,467.08
Payroll Deductions and Withholding and Employer Matching Payable	32,898.03		2,481.50		35,379.53
Deferred Revenue	523,224.64	173,517.57	78,667.27	29,144.88	804,554.36
TOTAL LIABILITIES	<u>748,974.69</u>	<u>173,955.35</u>	<u>97,202.25</u>	<u>29,144.88</u>	<u>1,049,277.17</u>
FUND BALANCES:					
Reserve for:					
Unemployment	43,205.00				43,205.00
Undesignated	431,428.22	186,466.78	263,138.74	20,723.62	901,757.36
TOTAL FUND BALANCES	<u>474,633.22</u>	<u>186,466.78</u>	<u>263,138.74</u>	<u>20,723.62</u>	<u>944,962.36</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,223,607.91</u>	<u>\$ 360,422.13</u>	<u>\$ 360,340.99</u>	<u>\$ 49,868.50</u>	<u>\$ 1,994,239.53</u>

The notes to the financial statements are an integral part of this statement.

**IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Total Fund Balances-Governmental Funds	\$ 944,962.36
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are deferred in the funds.	2,044,930.00
--	--------------

Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	(807,083.71)
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Assets such as taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>804,554.36</u>
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Net assets - Governmental Funds	<u><u>\$ 2,987,363.01</u></u>
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The notes to the financial statements are an integral part of this statement.

Special Programs:				
Programs for Special Education			110,980.35	110,980.35
Educationally Deprived	106,364.73			106,364.73
Support Services:				
Pupils:				
Guidance	39,361.13		1,730.60	41,091.73
Speech Pathology			40,166.00	40,166.00
Student Therapy Services			32,293.00	32,293.00
Instructional Staff:				
Improvement of Instruction	19,980.92			19,980.92
Educational Media	43,437.53	3,233.04	1,880.54	48,551.11
General Administration:				
Board of Education	19,897.75	11,000.00		30,897.75
Executive Administration	81,350.95		3,480.63	84,831.58
School Administration:				
Office of the Principal	116,628.93		4,892.77	121,521.70
Business:				
Fiscal Services	57,134.01	2,895.00	2,358.84	62,387.85
Operation and Maintenance of Plant	245,169.50		4,320.00	249,489.50
Pupil Transportation	170,206.67	28,000.00		198,206.67
Special Education:				
Administrative Costs			20,215.39	20,215.39
Nonprogrammed Charges:				
Early Retirement Payments			16,366.71	16,366.71
Debt Services		102,860.00		102,860.00
Cocurricular Activities:				
Male Activities	29,706.78		891.17	30,597.95
Female Activities	16,426.20		431.52	16,857.72
Transportation	28,051.95			28,051.95
Combined Activities	56,725.18		1,342.32	58,067.50
Capital Outlay		93,239.19		93,239.19
Total Expenditures	<u>2,090,179.76</u>	<u>252,742.73</u>	<u>203,654.74</u>	<u>2,633,894.43</u>
Net Change in Fund Balances	127,331.50	44,019.12	82,244.01	219,150.81
Fund Balance - Beginning	<u>347,301.72</u>	<u>142,447.66</u>	<u>180,894.73</u>	<u>725,811.55</u>
Fund Balance - Ending	<u>\$ 474,633.22</u>	<u>\$ 186,466.78</u>	<u>\$ 263,138.74</u>	<u>\$ 944,962.36</u>

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2005

Net Change in Fund Balances-Total Governmental Funds \$ 219,150.81

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

(54,719.00)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

65,000.00

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statement require the amounts to be "Available".

Current Deferred Revenue	804,554.36	
Prior Taxes Receivable	(748,633.49)	

55,920.87

Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in accrued leave through expenses.

Prior Accrued Leave	21,820.80	
Current Accrued Leave	(25,836.00)	

(4,015.20)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Prior Early Retirement	27,744.69	
Current Early Retirement	(36,247.71)	

(8,503.02)

Change in Net assets of Governmental Activities

\$ 272,834.46

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2005

	<u>Enterprise Fund</u> <u>Food Service</u> <u>Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 22,701.09
Due from Other Governments	10,268.79
Inventory of Supplies	510.83
Inventory of Stores Purchased for Resale	1,605.08
Inventory of Donated Food	2,136.80
Total Current Assets	<u>37,222.59</u>
Capital Assets:	
Machinery and Equipment-Local	57,641.06
Machinery and Equipment-Federal	13,284.05
Less: Accumulated Depreciation	(51,751.45)
Total Noncurrent Assets	<u>19,173.66</u>
TOTAL ASSETS	<u><u>56,396.25</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	9,080.58
Contracts Payable	5,018.30
Payroll Deductions and Withholdings and Employer Matching Payable	1,096.18
Total Current Liabilities	<u>15,195.06</u>
NET ASSETS:	
Invested in Capital Assets - Net of Related Debt	19,173.66
Unrestricted Net Assets	22,027.53
Total Net Assets	<u>41,201.19</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 56,396.25</u></u>

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Enterprise Fund</u> <u>Food Service</u> <u>Fund</u>
Operating Revenue:	
Sales:	
To Pupils	\$ 51,140.05
To Adults	3,941.30
A la Carte	261.96
Total Operating Revenue	<u>55,343.31</u>
Operating Expenses:	
Food Service:	
Salaries	39,614.25
Employee Benefits	9,402.39
Purchased Services	78,920.26
Supplies	1,743.25
Cost of Sales-Purchased Food	31,789.78
Cost of Sales-Donated Food	11,547.86
Depreciation-Local Funds	3,519.32
Total Operating Expenses	<u>176,537.11</u>
Operating Loss	<u>(121,193.80)</u>
Nonoperating Revenue:	
Local Sources:	
Investment Earnings	71.90
Miscellaneous Revenue	55.42
State Sources:	
Cash Reimbursements	628.56
Federal Sources:	
Cash Reimbursements	118,086.01
Donated Food	9,828.50
Total Nonoperating Revenue	<u>128,670.39</u>
Change in Net Assets	7,476.59
Net Assets - Beginning	<u>33,724.60</u>
Net Assets - Ending	<u><u>\$ 41,201.19</u></u>

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Enterprise Fund</u> <u>Food Service</u> <u>Fund</u>
Cash Flows From (For) Operating Activities:	
Receipts from Customers	\$ 52,590.30
Payments to Suppliers	(109,342.30)
Payments to Employees	(48,638.99)
Net Cash Used by Operating Activities	<u>(105,390.99)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Subsidies	118,769.99
Cash Flows from Investing Activities:	
Interest Earnings	<u>71.90</u>
Net Increase in Cash and Cash Equivalents	<u>13,450.90</u>
Cash and Cash Equivalents at Beginning of Year	9,250.19
Cash and Cash Equivalents at End of Year	<u>22,701.09</u>
Net Increase in Cash and Cash Equivalents	<u>13,450.90</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	(121,193.80)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation Expense	3,519.32
Value with Commodities Used	11,547.86
Change in Assets and Liabilities	
Receivables	(2,753.01)
Inventories	1,168.87
Accounts and Other payables	1,942.12
Accrued Wages Payable	<u>377.65</u>
NET CASH USED	
BY OPERATING ACTIVITIES:	<u>\$ (105,390.99)</u>
Noncash Investing, Capital and Financing Activities:	
Value of Commodities Received	<u>\$ 9,828.50</u>

The notes to the financial statements are an integral part of this statement.

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ 5.00	\$ 12,369.24
Investments, at Fair Value	55,943.22	
TOTAL ASSETS	<u>55,948.22</u>	<u>12,369.24</u>
LIABILITIES:		
Amounts Held for Others		8,869.24
Due to Other Governments		3,500.00
TOTAL LIABILITIES		<u>12,369.24</u>
NET ASSETS		
Held in Trust for Scholarships	55,948.22	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 55,948.22</u>	<u>\$ 12,369.24</u>

The notes to the financial statements are an integral part of this statement.

**IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Other Additions	\$ 1,556.89
TOTAL ADDITIONS	<u>1,556.89</u>
DEDUCTIONS:	
Other Deductions	2,502.81
TOTAL DEDUCTIONS	<u>2,502.81</u>
CHANGE IN NET ASSETS	(945.92)
NET ASSETS BEGINNING	<u>56,894.14</u>
NET ASSETS-ENDING	<u><u>\$ 55,948.22</u></u>

The notes to the financial statements are an integral part of this statement.

IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities in the United States of America

a. Financial Reporting Entity:

The reporting entity of Ipswich Public School District No. 22-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the District financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund— A fund established by SDCL 13-16-6 to meet expenditures which in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund— A fund established by SDCL 13-37-16 to pay the costs for special education of all children in need of special assistance and pro-longed assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund— A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This fund is a major fund.

Proprietary Funds:

Enterprise Fund Types— enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund— A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Fiduciary Funds:

Fiduciary Funds are never considered to be major funds.

Private-Purpose Trust Fund Types—private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds:

*Barb Scheele Scholarship
Gwen Torgler Scholarship
Pearl Callin Award
Lenoea Hamak Scholarship*

Agency Fund Types- agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The District maintains agency funds for the following purposes:

*Student Council
Cheerleaders
NHS
Section 125
FBLA
Class of 06'*

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, governmental, business-type, and fiduciary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests.)

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Ipswich Public School District No. 22-6, the length of that cycle is 60 days. There were no revenues accrued at June 30, 2005.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The governmental business-type activities and enterprise funds do not apply any FASB statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources: since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

All capital assets are valued at actual historical cost. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other fixed asset costs.

The total June 30, 2005 balance of capital assets for governmental and business-type activities are all valued at original cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land		---N/A---	---N/A---
Improvements	\$ 25,000.00	Straight-line	14-20 Years
Buildings	\$ 50,000.00	Straight-line	100 Years

Machinery & Equipment	\$	5,000.00	Straight-line	4-40 Years
Proprietary Equipment	\$	500.00	Straight-line	12 Years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences, early retirement benefits payable, and capital outlay certificates payable.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

g. Program Revenues:

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for Services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular

program.

3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

I. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components

1. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

k. Application of Net Assets:

It is the District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. **DEPOSITS AND INVESTMENTS**

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable stand by letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

The school held no such investments during the period ending June 30, 2005.

Deposits are reported at cost plus interest, if the account is of the add-on type.

State Law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income

from investments to the fund making the investment.

The actual bank balances at June 30, 2005 were as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	\$ 200,000.00
Uninsured, collateral jointly held by state's/ School's agent in the name of the state and the pledging financial institution.	<u>1,007,626.66</u>
Total Deposits	<u>\$ 1,207,626.66</u>
The School District's carrying amount of deposits at June 30, 2005 was	<u>\$ 1,220,160.96</u>
Reconciliation of deposits to Government-Wide Statement of Net Assets:	
Cash and Cash Equivalents(unrestricted & restricted)	\$ 1,151,843.50
Add: Agency fund cash(not included in government-wide statement of net assets)	
Private Purpose Trust	55,948.22
Agency	<u>12,369.24</u>
Total Reconciled Deposits	<u>\$ 1,220,160.96</u>

3. INVENTORY

Inventory is stated at the lower of cost or market. The cost valuation method is first in, first out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

4. DEFERRED REVENUE

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

5. PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations.

6. CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets for the year ended June 30, 2005 is as follows:

Primary Government

	Balance 07/01/04	Increases	Decreases	Balance 06/30/05
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 61,350.00			\$ 61,350.00
Capital assets, being depreciated:				
Buildings	2,935,679.00			2,935,679.00
Improvements	253,047.00			253,047.00
Machinery & Equipment	108,898.00			108,898.00
Totals	<u>\$ 3,358,974.00</u>			<u>\$ 3,358,974.00</u>

Less accumulated
depreciation for:

Building	(994,197.00)	\$ (29,357.00)	(1,023,554.00)
Improvements	(193,408.00)	(13,042.00)	(206,450.00)
Machinery & Equipment	<u>(71,720.00)</u>	<u>(12,320.00)</u>	<u>(84,040.00)</u>
Total accumulated depreciation	<u>\$ (1,259,325.00)</u>	<u>\$ (54,719.00)</u>	<u>\$ (1,314,044.00)</u>
Governmental activity capital assets, net	<u>\$ 2,099,649.00</u>	<u>\$ (54,719.00)</u>	<u>\$ 2,044,930.00</u>

**Depreciation expense was charged to functions as follows:

Governmental
Activities:

Instruction		\$ 26,139.65
Support Services		8,003.95
Co-curricular Activities		<u>20,575.40</u>
Total Depreciation expense – governmental activities		<u>\$ 54,719.00</u>

Business-type
Activities:

Machinery & Equipment	\$ 70,925.11	\$ 70,925.11
Less accumulated depreciation for:		
Machinery & Equipment	<u>(48,232.13)</u>	<u>(51,751.45)</u>

Business-type
activity capital
assets, net

\$ 22,692.98	\$ (3,519.32)	\$ 19,173.66
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**Depreciation expense was charged to functions as follows:

Business-type
activities:

Food Services	\$ 3,519.32
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7. LONG-TERM LIABILITIES

A summary of Changes in longterm liabilities for the year ended June 30, 2005 is as follows:

*Primary
Government:*

Governmental Activities	Capital Outlay Certificates	Early Retirement Benefits Payable	Compensated Absences	Totals
Liabilities Payable, July 1, 2004	\$ 810,000.00	\$ 27,744.69	\$ 21,820.80	\$ 859,565.49
Increases		20,658.38	5,167.20	25,825.58
Decreases		(12,155.36)	(1,152.00)	(13,307.36)
Retired Amounts	(65,000.00)			(65,000.00)
Liabilities Payable, June 30, 2005	\$ 745,000.00	\$ 36,247.71	\$ 25,836.00	\$ 807,083.71
Due within One Year	\$ 70,000.00	\$ 10,361.07		\$ 80,361.07

Compensated absences for governmental activities typically have been liquidated from the General Fund and Special Education Fund. Early Retirement Benefits payable for governmental activities typically have been liquidated from the General Fund.

Liabilities payable at June 30, 2005 are comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Capital Outlay Certificates:

Capital Outlay Certificates Series 2000, 3.7 to 4.85% maturing February 1, 2014, interest paid from Capital Outlay Fund	\$745,000.00
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Early Retirement Benefits Payable:

Based on 75% with last contract paid over 5 years, paid from the General Fund Payroll	\$ 36,247.71
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Compensated Absences:

Accumulated sick leave, paid from the General Fund	\$ 25,836.00
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Primary Government

Governmental Activities

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2005 are as follows:

Annual Requirements to Maturity for Long-Term Debt

June 30, 2005

Year Ending June 30,	Capital Outlay Certificates		Early Retirement	Totals	
	Principal	Interest	Principal	Principal	Interest
2006	\$ 70,000.00	\$ 34,130.00	\$ 10,361.07	\$ 80,361.07	\$ 34,130.00
2007	70,000.00	31,190.00	10,361.07	80,361.07	31,190.00
2008	75,000.00	28,145.00	10,361.05	85,361.07	28,145.00
2009	80,000.00	24,882.50	5,164.52	85,164.54	24,882.50
2010	80,000.00	21,282.50		80,000.00	
2011-2014	370,000.00	45,677.50		370,000.00	66,960.00
Totals	<u>\$ 745,000.00</u>	<u>\$ 185,307.50</u>	<u>\$ 36,247.71</u>	<u>\$ 781,247.75</u>	<u>\$ 185,307.50</u>

8. RETIREMENT PLAN

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$85,504.10, \$89,642.82, and \$90,964.18, respectively, equal to the required contributions each year.

9. JOINT VENTURES

The school district participates in the Northern High Technology Module Consortium, formed for the purpose of providing technological equipment to the member school districts.

The members of the co-op and their relative percentage participation in the co-op are as follows:

Edmunds Central School District No. 22-5	12.5%
Eureka School District No. 44-1	12.5%
Groton School District No. 6-3	12.5%
Leola School District No. 44-2	12.5%
Pollock School District No. 10-2	12.5%
Selby Area School District No. 62-5	12.5%
Ipswich Public School District No. 22-6	12.5%
Warner School District No. 6-5	12.5%

The Northern High Technology Module Consortium's governing board is composed of one

representative from each member school district, who is elected by the local school board. The board is responsible for adopting the joint ventures budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity interest in the net assets of the joint venture but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Northern High Technology Module Consortium, 640 9th Ave SW, Aberdeen, SD 57401.

At June 30, 2005, this joint venture had total fund equity of \$525,848.13 and no long-term debt outstanding.

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2005, the School District managed its risks as follows:

Employee Health Insurance:

The School District joined the South Dakota School Board District Benefits fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage provides a deductible of \$250 per person up to \$500 per family which includes a \$5.00 Generic Prescription Drug card or a \$25.00 Brand Name Prescription Drug card. The plan also provides for the coinsurance of 20% up to \$5,000. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance:

The School District purchase's liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

Worker's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provides workers' compensation insurance coverage for participating members of the pool. The School District is responsible for payment of a premium to the insurance pool along with other pool participants. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. For the year ended June 30, 2005, the pool's retained risk was \$300,000 per occurrence with additional insurance purchased from a private insurance company for an addition \$700,000 for total coverage of \$1,000,000 per occurrence. There was no additional assessment charged to pool members for the year ended June 30, 2005.

Unemployment Benefits:

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has reserved equity in the General Fund in the amount of \$43,205 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2005, no claims for unemployment benefits were paid. At June 30, 2005, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

11. LITIGATION

At June 30, 2005, the School District was not involved in any litigation.

High School	497,435.00	511,162.12	508,154.24	3,007.88
Class Size Reduction Program	27,670.00	30,947.00	30,389.51	557.49
Special Programs:				
Educationally Deprived	121,459.00	121,459.00	106,364.73	15,094.27
Title V Programs	12,000.00	12,000.00		12,000.00
Support Services:				
Pupils:				
Attendance and Social Work	1,000.00	1,000.00		1,000.00
Guidance	43,809.00	43,809.00	39,361.13	4,447.87
Health	1,500.00	1,500.00		1,500.00
Instructional Staff:				
Improvement of Instruction	16,455.00	19,980.92	19,980.92	0.00
Educational Media	48,479.00	48,577.43	43,437.53	5,139.90
General Administration:				
Board of Education	22,331.00	23,488.53	19,897.75	3,590.78
Executive Administration	80,713.00	82,993.00	81,350.95	1,642.05
School Administration:				
Office of the Principal	117,897.00	117,897.00	116,628.93	1,268.07
Business:				
Fiscal Services	58,400.00	58,400.00	57,134.01	1,265.99
Operation and Maintenance of Plant	246,610.00	259,224.63	245,169.50	14,055.13
Pupil Transportation	151,600.00	170,206.67	170,206.67	0.00
Cocurricular Activities:				
Male Activities	30,426.00	30,426.00	29,706.78	719.22
Female Activities	18,352.00	18,352.00	16,426.20	1,925.80
Transportation	27,180.00	28,051.95	28,051.95	0.00
Combined Activities	55,922.00	57,986.00	56,725.18	1,260.82
Contingencies	60,000.00	60,000.00		
Less Transferred		(31,296.25)		28,703.75
TOTAL EXPENDITURES	<u>2,157,521.00</u>	<u>2,187,448.00</u>	<u>2,090,179.76</u>	<u>97,268.24</u>
NET CHANGE IN FUND BALANCES	0.00	0.00	127,331.50	127,331.50
FUND BALANCE-BEGINNING	<u>347,301.72</u>	<u>347,301.72</u>	<u>347,301.72</u>	
FUND BALANCE - ENDING	<u>\$ 347,301.72</u>	<u>\$ 347,301.72</u>	<u>\$ 474,633.22</u>	<u>\$ 127,331.50</u>

REQUIRED SUPPLEMENTARY INFORMATION
IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 317,600.00	\$ 317,600.00	\$ 282,528.26	\$ (35,071.74)
Prior Years' Ad Valorem Taxes	500.00	500.00	1,785.70	1,285.70
Penalties and Interest on Taxes			1,163.05	1,163.05
Earnings on Investments and Deposits	500.00	500.00	922.98	422.98
Other Revenue From Local Sources			10,205.40	10,205.40
Revenue From Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes			156.46	156.46
Total Revenue	318,600.00	318,600.00	296,761.85	(21,838.15)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	3,000.00	11,360.07	11,360.07	0.00
High School	84,300.00	78,300.00	74,229.69	4,070.31
Support Services:				
Instructional Staff:				
Educational Media	5,000.00	5,000.00	3,233.04	1,766.96
General Administration:				
Board of Education		11,000.00	11,000.00	0.00
Business:				
Fiscal Services	2,500.00	2,895.00	2,895.00	0.00
Facilities Acquisition and Construction	4,000.00	29,000.00	580.00	28,420.00
Operation and Maintenance of Plant	85,800.00	62,800.00	18,584.93	44,215.07
Pupil Transportation	28,000.00	28,000.00	28,000.00	0.00
Debt Service	106,000.00	103,000.00	102,860.00	140.00
Total Expenditures:	318,600.00	331,355.07	252,742.73	78,612.34
Excess of Revenue Over				
(Under) Expenditures	0.00	(12,755.07)	44,019.12	56,774.19
Fund Balance-Beginning	142,447.66	142,447.66	142,447.66	0.00
Fund Balance-Ending	\$ 142,447.66	\$ 129,692.59	\$ 186,466.78	\$ 56,774.19

REQUIRED SUPPLEMENTARY INFORMATION
IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 146,124.00	\$ 146,124.00	\$ 166,497.80	\$ 20,373.80
Prior Year's Ad Valorem Taxes	400.00	400.00	1,291.56	891.56
Penalties and Interest on Taxes	150.00	150.00	872.89	722.89
Earning on Investments and Deposits	350.00	350.00	2,432.37	2,082.37
Surplus Funds	19,500.00	19,500.00		(19,500.00)
Other Revenue from Local Sources			5,603.83	5,603.83
Revenue from Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes			116.82	116.82
Revenue from State Sources:				
Grants-In-Aid				
Restricted Grants-in-Aid			14,733.00	14,733.00
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted Grants-in-Aid Received from Federal Government				
Through the State	71,200.00	71,200.00	94,350.48	23,150.48
Total Revenue	<u>237,724.00</u>	<u>237,724.00</u>	<u>285,898.75</u>	<u>48,174.75</u>
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	129,812.00	131,202.47	110,980.35	20,222.12
Support Services:				
Pupils:				
Speech Pathology	42,000.00	42,000.00	40,166.00	1,834.00
Student Therapy Services	45,000.00	45,000.00	32,293.00	12,707.00
Special Education:				
Administrative Costs	20,912.00	20,912.00	20,215.39	696.61
Total Expenditures:	<u>237,724.00</u>	<u>239,114.47</u>	<u>203,654.74</u>	<u>35,459.73</u>
Excess of Revenue Over Expenditures	0.00	(1,390.47)	82,244.01	83,634.48
Fund Balance-Beginning	<u>180,894.73</u>	<u>180,894.73</u>	<u>180,894.73</u>	<u>0.00</u>
Fund Balance-Ending	<u>\$ 180,894.73</u>	<u>\$ 179,504.26</u>	<u>\$ 263,138.74</u>	<u>\$ 83,634.48</u>

REQUIRED SUPPLEMENTARY INFORMATION
IPSWICH PUBLIC SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 53,500.00	\$ 53,500.00	\$ 51,535.82	\$ (1,964.18)
Prior Years' Ad Valorem Taxes	300.00	300.00	390.67	90.67
Penalties and Interest on Taxes	700.00	700.00	244.60	(455.40)
Earnings on Investments and Deposits	500.00	500.00	671.00	171.00
Other Revenue from Local Sources:	33,576.88	33,576.88		(33,576.88)
Revenue from Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes			31.29	31.29
Total Revenue	<u>88,576.88</u>	<u>88,576.88</u>	<u>52,873.38</u>	<u>(35,703.50)</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	26,269.00	26,269.00	25,998.82	270.18
High School	23,109.00	23,109.00	23,623.28	(514.28)
Support Services:				
Instructional Staff:				
Counseling Service	1,731.00	1,731.00	1,730.60	0.40
Educational Media	2,070.00	2,070.00	1,880.54	189.46
General Administration:				
Executive Administration	3,306.00	3,306.00	3,480.63	(174.63)
School Administration:				
Office of the Principal	4,925.00	4,925.00	4,892.77	32.23
Business:				
Fiscal Services	2,365.00	2,365.00	2,358.84	6.16
Operation and Maintenance of Plant	4,320.00	4,320.00	4,320.00	0.00
Nonprogrammed Charges:				
Early Retirement Payments	17,319.88	17,319.88	16,366.71	953.17
Cocurricular Activities:				
Male Activities	932.00	932.00	891.17	40.83
Female Activities	636.00	636.00	431.52	204.48
Combined Activities	1,594.00	1,594.00	1,342.32	251.68
Total Expenditures	<u>88,576.88</u>	<u>88,576.88</u>	<u>87,317.20</u>	<u>1,259.68</u>
Excess of Revenue Over (Under)				
Expenditures	0.00	0.00	(34,443.82)	(34,443.82)
Fund Balance-Beginning	55,167.44	55,167.44	55,167.44	0.00
Fund Balance-Ending	<u>\$ 55,167.44</u>	<u>\$ 55,167.44</u>	<u>\$ 20,723.62</u>	<u>\$ (34,443.82)</u>

IPSWICH SCHOOL DISTRICT NO. 22-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Budgetary Comparisons for the General Fund and for
each major Special Revenue Fund with a legally required budget
JUNE 30, 2005

1. Budgets and Budgetary Accounting:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May each year.
3. The proposed budget is published for public review no later than July 15th, each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1st, of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for how capital outlay expenditures are reported. The financial statements prepared in conformity with generally accepted accounting principles present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate.

